

Message Text

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ORIGIN OPIC-06

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TAGS: EINV

SUBJECT: TAYLOR & ASSOCIATES OF COSTA RICA, S.A.

1. AS POST MAY RECALL FROM RECENT DISCUSSIONS BETWEEN OPIC AND POST, TAYLOR & ASSOCIATES OF COSTA RICA, S.A., A PANAMA CORPORATION, IS INDEBTED TO OPIC IN THE AMOUNT OF \$1.5 MILLION. ACCRUED AND UNPAID INTEREST AS OF THIS DATE TOTALS AN ADDITIONAL \$400,000. THE LOAN WAS MADE PURSUANT TO LOAN AGREEMENT DATED AUGUST 30, 1975 AND IS GUARANTEED BY THREE TAYLOR SUBSIDIARIES: CENTRAL AMERICAN MEATS, S.A., FRIGORIFICOS TECHNICAS, S.A., AND EMPACADORA, TAYLOR Y ASSOCIADOS, ALL THREE OF WHICH ARE COSTA RICA COMPANIES. COPY OF LOAN AGREEMENT AND ALL OTHER PERTINENT DOCUMENTATION, IS AVAILABLE FROM OPIC LOCAL COUNSEL HUMBERTO PACHECO.

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2. IN JUNE 1977, IN RESPONSE TO REQUEST FROM CERTAIN LOCAL CATTLEMEN, INCLUDING JUAN CARLOS GILLEN AND CARLOS MANUEL ROJAS, OPIC AGREED TO RELEASE CAMSA FROM ITS GUARANTY OF THE TAYLOR DEBT IN RETURN FOR THE FULFILLMENT OF SEVEN SPECIFIED CONDITIONS, INCLUDING (A) DELIVERY TO OPIC OF A PROMISSORY NOTE IN THE AMOUNT OF \$150,000 PAYABLE OVER TWO YEARS AND GUARANTEED BY THE CATTLEMEN; (B) CONCLUSION

BY ALL TAYLOR GROUP COMPANIES OF AGREEMENTS WITH THEIR
MAJOR CREDITORS FOR REPAYMENT OF DEBTS ON PARI PASSU BASIS

(10 YEAR TERM, GRACE THROUGH 12-31-78, AND INTEREST AT
10 PERCENT); (C) CORRECTION OF DEFECT IN MORTGAGE HELD
BY OPIC ON CERTAIN FRIGITEC PROPERTY; AND (D) MANAGE-
MENT ARRANGEMENTS SATISFACTORY TO THE PRINCIPLE CREDITORS,
INCLUDING OPIC. THESE TERMS REFLECTED OPIC'S UNDERSTAND-
ING OF THE REPAYMENT TERMS WHICH ALL OTHER MAJOR TAYLOR
GROUP CREDITORS HAD ACCEPTED.

3. SINCE JUNE 1977 NO ARRANGEMENTS HAVE BEEN MADE FOR
PARI PASSU REPAYMENT OF ALL MAJOR CREDITORS AND IN POINT
OF FACT FIRST SOUTH EAST NATIONAL BANK OF MIAMI AND
CHASE MANHATTAN BANK HAVE DEMANDED AND RECEIVED
PREFERENTIAL PAYMENTS FROM CAMSA; CHASE HAS DEMANDED AND
RECEIVED A PREFERENTIAL MORTGAGE OVER CAMSA LAND WHICH,
ACCORDING TO THE OPIC LOAN AGREEMENT AND THE JUNE 1977
UNDERSTANDING REACHED AMONG THE PRINCIPAL TAYLOR GROUP
CREDITORS, WAS TO HAVE BEEN MAINTAINED FREE AND CLEAR
OF LIENS FOR THE BENEFIT OF GENERAL CREDITORS SUCH AS
OPIC; AND CITY BANK IS REPORTEDLY ALSO ATTEMPTING TO
OBTAIN PREFERENTIAL MORTGAGES ON CAMSA PROPERTY. IN
ADDITION, CHASE, BY VIRTUE OF THE PREFERENTIAL MORTGAGE
POSITION OBTAINED IN VIOLATION OF THE UNDERSTANDING
REACHED WITH OPIC, HAS OBSTRUCTED OPIC'S ATTEMPTS TO
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HAVE ITS MORTGAGE DEFICIENCY CORRECTED. MANAGEMENT OF THE
TAYLOR GROUP COMPANIES HAS BEEN UNSATISFACTORY, SPECIFICALLY
IN THE FOLLOWING RESPECTS: (A) PRICE WATERHOUSE WAS
FRUSTRATED IN ITS ATTEMPT TO COMMENCE THE OPIC-REQUESTED
AUDIT OF CAMSA BECAUSE OF MANAGEMENT'S INABILITY TO
RETAIN THE CLERICAL PERSONNEL NEEDED TO POST ENTRIES IN
CAMSA'S BOOKS, THE AUDIT WHICH FINALLY BEGAN IN JANUARY,
WAS IN MID-MARCH SUSPENDED INDEFINITELY; (B) CONVERSION
OF TAYLOR, CAMSA, FRIGITEC AND ETA BEARER SHARES TO
NOMINATIVE FORM AS REQUESTED BY OPIC AS EARLY AS AUGUST
1977 AND AS REPEATEDLY CALLED FOR SINCE, HAS STILL NOT
BEEN COMPLETED; (C) THE CATTLEMEN WHO APPARENTLY OWN
THE CONTROLLING BLOCS OF STOCK IN CAMSA AND FRIGITEC
HAVE ESTABLISHED TWO NEW ENTITIES, EXCASA AND EL ARREO
WHOSE PRIMARY RAISON D' ETRE APPEARS TO BE TO SIPHON OFF
MEAT-PACKING AND EXPORTING REVENUES WHICH SHOULD BE
ACCRUING TO CAMSA (THE TWO NEW ENTITIES, OF COURSE, ARE
NOT INDEBTED TO ANY OF THE MAJOR TAYLOR GROUP CREDITORS);
(D) TAYLOR MANAGEMENT HAS BEEN UNABLE TO RESUSCITATE
FRIGITEC AND MOVE IT TOWARD A POSITION IN WHICH IT HAS A
REASONABLE CHANCE OF SURVIVAL.

4. FOR THE FOREGOING REASONS, OPIC HAS DETERMINED,
IMMEDIATELY UPON RECEIPT OF POST CLEARANCE, (A) TO NOTIFY
CAMSA THAT OPIC IS NO LONGER WILLING TO RELEASE THAT

FIRM FROM ITS GUARANTY OF THE TAYLOR DEBT; (B) TO NOTIFY
CAMSA, FRIGITEC AND ETA THAT THEY WILL BE REQUIRED TO PAY
THE TAYLOR DEBT PURSUANT TO THE TERMS OF THEIR GUARANTIES,
BUT THAT SOME LIBERALIZATION OF THE PAYMENT TERMS
(AMOUNTING TO REPAYMENT TO OPIC ON A PARI PASSU BASIS
WITH CHASE AND CITY BANK) COULD BE NEGOTIATED; AND (C)
TO REQUEST CLEARANCE BY THE POST OF THE COURSE OF ACTION
PROPOSED IN THIS PARAGRAPH 4. POST SHOULD BE AWARE THAT
POSSIBLE CONSEQUENCES OF OPIC ACTION INCLUDE (A) PETITION
BY TAYLOR GROUP TO LOCAL COURTS FOR RECEIVERSHIP STATUS;
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(B) PETITION TO COURT BY OTHER CREDITORS FOR INVOLUNTARY
RECEIVERSHIP FOR TAYLOR GROUP; AND (C) CONSEQUENT
NECESSITY FOR INITIATION BY OPIC OF COLLECTION ACTIONS
TO PROCURE REPAYMENT OF ITS DEBT FROM THE GUARANTORS.

5. PLEASE FEEL FREE TO CONTACT HUMBERTO PACHECO OR
LUIS CARBALLO (BOTH OPIC LOCAL COUNSEL) OR THOMAS CLEGG
OR ALLEN KEESEE AT OPIC WITH ANY QUESTIONS YOU MAY
HAVE ON THE CONTENT HEREOF. VANCE

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